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SUBJECT: JORDAN GPA OFFER PRELIMINARY RESPONSES

REF: A. USDOC 1003

[1](#)B. CAMPBELL-OBERG/SAUMS/SCHEDLBAUER EMAIL OF 4/2/03

Sensitive but Unclassified; please protect accordingly.

[1](#)1. (sbu) Below are informal responses to questions posed ref a based on our conversations with Jordan's GPA negotiating team and on our own research. Answers keyed to PARAGRAPHS in ref a.

[1](#)2. (sbu) Para 4: The list of units in Annex Three represents a fairly complete list of units subordinate units to Annex One entities. Excluded units are comprised primarily of units with very low levels of annual procurement (less than \$28,000), and partially or wholly state-owned companies, which do not procure through government tendering in any case, according to the GOJ's GPA negotiating team. Units in Annex 3 are subordinate to Annex 1 entities, though the line is not always straight - for instance, the head of the National Library reports directly to the Culture Minister (straight line), but the Jordan Institute of Standards and Metrology is run by a Board of Directors chaired by the Trade Minister (indirect). Both, however, contract through the Government Tenders Directorate (GTD) and the Government Services Directorate (GSD).

[1](#)3. (sbu) Para 5: Embassy passed to action addressees ref b a list of websites that provides a complete outline of the GOJ structure. We note that the newly-formed Ministry of Environment has been excluded from the list in Annex 1, and that several key "independent" regulatory agencies have been excluded from Annex 3, including (but not limited to) the Telecommunications Regulatory Commission (TRC), the Electricity Board, the Atomic Energy Commission, the Central Bank, the Institute for Diplomacy, and the Public Transport Regulatory Commission. Possible explanations for these exclusions could be "National Security" exclusions per General Note 2(b), or that these entities are considered to fall below the \$28,000 annual procurement threshold, thus obviating the need to list them in the Annex.

[1](#)4. (sbu) Para 6: No GOJ ministry has a formal definition of SME's. However, the National Fund for Enterprise Support (NAFES), a government-controlled small business support agency, defines SME's as companies with 5-100 employees (no definitions based on revenue or capital). Support from NAFES for these companies is in the form of technical assistance for capacity building, along the lines of the USAID-funded Jordan-U.S. Business Partnership (JUSBP). Such support could include training employees on how to enter the procurement market. In addition, Chambers of Industry and Commerce in Jordan's primary population centers, along with professional associations representing key sectors like contracting and engineers, maintain an active dialogue with the GOJ and encourage it to distribute contracts evenly among members (since these organizations are mandatory membership groups under Jordanian law, they effectively "represent" all concerned SME's in relevant fields).

[1](#)5. (sbu) Para 7: Ref b contains a listing of key procurement set-ups for the Water, Energy, and Transport Ministries, as well as an illustrative (not exhaustive) list of companies supplying the sectors. The Ministry of Information, Communications, and Technology (MoICT) traditionally procures from the GTD/GSD, but was excluded from the Entities offer in Annex 1. With the privatization of the Postal service, though, most of their procurement needs fall beneath the \$28,000 threshold and are hence done internally. Detailed information on MoICT procurement sent to action addressees via sep e-mail.

[1](#)6. (sbu) Para 8: New procurement legislation and implementing regulations are in draft and under consideration by the cabinet. There are no "new" regulations in English. Ref b, however, contains links to websites with English-language versions of all current legislation and regulations, as well as documentation relevant to the USAID-funded AMIR program's workplan for promoting GPA accession.

17. (sbu) Para 9: Most construction contracts for the GOJ are tendered by the Ministry of Public Works and Housing, though other ministries may have input on specific projects (e.g., the Water Ministry or Jordan Valley Authority on dams and such). Local infrastructure construction contracts are usually tendered by individual municipalities, provided the project is funded by the municipality. For instance the Greater Amman Municipality (GAM) is tendering a bridge-building project to connect Abdoun with fourth circle. In addition, the Aqaba Special Economic Zone Authority (ASEZA) has MOU's with most government ministries to allow it to act on their behalf within the ASEZ. Thus ASEZA may have construction contracting authority within the zone.

18. (sbu) Para 10: The GOJ's GPA accession process is not widely known in the business community. A "national committee" of interested associations including chambers of industry and commerce, professional associations, and Jordan's AmCham, was formed last year to carry out the background analysis that formed the basis for the initial GPA offer. That committee, the negotiating team tells us, will continue to advise the team throughout the negotiating process to ensure the interests of all groups are addressed.

19. (sbu) The AmCham for its part has also actively lobbied the GOJ for swift conclusion of the GPA accession process. For most AmCham members (who by and large are local representatives of U.S. companies or licensed importers of U.S. goods and services), the GPA and the attendant legislative reform required to accede will mean an important step forward in liberalizing procurement within the local market. They see this as a critical improvement to a system that has heretofore been marked by a lack of transparency in the procurement process. For a few selected companies - notably Petra Air Conditioning - the GPA represents an opportunity to grow the U.S. side of their business. One company rep estimated U.S. orders for Petra could triple once Jordan became a GPA member and it could bid on federal, state, and local government procurement contracts.

110. (sbu) The sectors most sensitive to the potential market adjustments resulting from GPA accession include the Engineers' Association and the Contractors' Association, both of which are dominated by relatively small companies that survive on one or two small (\$250,000 or less) government contracts annually to stay afloat. These companies do not look to other countries to secure contracts. They are not particularly worried about competition from GPA members, since they believe most western firms would only bid on tenders that would be too large for them in any case. Rather, they fear competition down the road from developing countries like China or India which might accede in the future, and which they fear would provide stiff competition for even small contracts. We and the GOJ have explained that those small markets can be carved out of the offer, but the sensitivities remain.

111. (sbu) We will provide additional to ref a questions as they become available.  
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